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**TORRENT CAPITAL LTD.**

**FINANCIAL STATEMENTS**

**FOR THE QUARTERS ENDED  
SEPTEMBER 30, 2023 AND 2022**

*(expressed in Canadian dollars)*

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November 20, 2023

## Management's Responsibility for Financial Reporting

The accompanying condensed interim financial statements of Torrent Capital Ltd. (the "Company") are the responsibility of the Management and Board of Directors of the Company.

The condensed interim financial statements have been prepared by Management, on behalf of the Board of Directors, in accordance with the accounting policies disclosed in the notes to the condensed interim financial statements. Where necessary, Management has made informed judgments and estimates in accounting for transactions which were not complete at the statement of financial position date. In the opinion of Management, the condensed interim financial statements have been prepared within acceptable limits of materiality and are in accordance with International Financial Reporting Standards ("IFRS").

Management has established processes which are in place to provide them sufficient knowledge to support Management representations that they have exercised reasonable diligence that (i) the financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the periods presented by the condensed interim financial statements and (ii) the condensed interim financial statements fairly present in all material respects the financial condition, financial performance and cash flows of the Company, as of the date of and for the periods presented by the condensed interim financial statements.

The Board of Directors is responsible for reviewing and approving the condensed interim financial statements together with other financial information of the Company and for ensuring that Management fulfills its financial reporting responsibilities. An Audit Committee assists the Board of Directors in fulfilling this responsibility. The Audit Committee meets with Management to review the financial reporting process and the condensed interim financial statements together with other financial information of the Company. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the condensed interim financial statements together with other financial information of the Company for issuance to the shareholders.

Management recognizes its responsibility for conducting the Company's affairs in compliance with applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

These unaudited condensed interim condensed interim financial statements have not been reviewed by the external auditors of the Company.

Halifax, Canada

(signed) "*Wade Dawe*"  
President and Chief Executive Officer  
Halifax, Nova Scotia

(signed) "*Robert Randall*"  
Chief Financial Officer  
Halifax, Nova Scotia

**Torrent Capital Ltd.**  
**Unaudited Condensed Interim Statements of Financial Position**  
**As at September 30, 2023 and December 31, 2022**  
*(Expressed in Canadian dollars unless otherwise indicated)*

	September 30, 2023 \$	December 31, 2022 \$
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	457,879	263,923
Accounts receivable	7,331	5,218
Sales tax receivable	33,425	29,781
Prepaid expenses	12,929	2,758
Investments at fair value (note 3)	16,099,952	21,593,056
Income tax recoverable (note 8)	-	322,559
	<b>16,611,516</b>	<b>22,217,295</b>
<b>Joint Venture</b> (note 4)	<b>304,391</b>	<b>160,685</b>
<b>Total Assets</b>	<b>16,915,907</b>	<b>22,377,980</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities (note 7)	269,444	249,262
<b>Non-current liabilities</b>		
Deferred income tax (note 8)	-	760,000
<b>Total Liabilities</b>	<b>269,444</b>	<b>1,009,262</b>
<b>EQUITY</b>		
Share capital (note 5)	10,420,894	10,420,894
Contributed surplus (note 6)	476,867	379,692
Retained earnings	5,748,702	10,568,132
	<b>16,646,463</b>	<b>21,368,718</b>
<b>Total Liabilities and Equity</b>	<b>16,915,907</b>	<b>22,377,980</b>

Nature of Operations (note 1)

Approved on Behalf of the Board on November 20, 2023:

*"Wade Dawe"*  
**Director**

*"Jim Megann"*  
**Director**

*The accompanying notes are an integral part of these financial statements.*

## Torrent Capital Ltd.

### Unaudited Condensed Interim Statements of Loss and Comprehensive Loss

For the quarters ended September 30, 2023 and 2022

(Expressed in Canadian dollars unless otherwise indicated)

	Three months ended September 30, 2023 \$	Three months ended September 30, 2022 \$	Nine months ended September 30, 2023 \$	Nine months ended September 30, 2022 \$
<b>REVENUE AND OTHER INCOME (LOSS)</b>				
Realized gain (loss) on investments	(143,361)	66,267	(483,829)	127,216
Unrealized loss on investments (note 3)	(860,582)	(1,227,990)	(4,249,216)	(9,211,885)
Equity loss from joint venture (note 4)	(44,900)	-	(110,500)	-
Interest income (note 4)	8,155	-	19,470	-
	<b>(1,040,688)</b>	<b>(1,161,723)</b>	<b>(4,824,075)</b>	<b>(9,084,669)</b>
<b>EXPENSES</b>				
Consulting fees (note 7)	117,934	92,325	357,391	411,130
Directors' fees (note 7)	29,625	29,625	88,875	91,125
Professional fees	17,773	12,412	66,915	48,451
Insurance	8,250	8,250	24,750	24,466
Stock exchange and maintenance fees	7,821	9,138	19,605	24,318
Office and administration	22,562	28,607	78,026	65,029
Rent and related costs (note 7)	5,100	5,100	15,300	15,300
Travel	6,642	-	6,873	-
Stock-based compensation (note 6)	17,361	23,538	97,175	211,301
Foreign exchange loss (gain)	(452)	524	445	(956)
	<b>(232,616)</b>	<b>(209,519)</b>	<b>(755,355)</b>	<b>(890,164)</b>
<b>LOSS BEFORE INCOME TAXES</b>	<b>(1,273,304)</b>	<b>(1,371,242)</b>	<b>(5,579,430)</b>	<b>(9,974,833)</b>
<b>INCOME TAXES</b>				
Provision for tax recovery (note 8)	110,000	217,856	760,000	1,477,856
<b>NET LOSS AND COMPREHENSIVE LOSS</b>	<b>(1,163,304)</b>	<b>(1,153,386)</b>	<b>(4,819,430)</b>	<b>(8,496,977)</b>
<b>Basic and diluted loss per share</b>	<b>(0.05)</b>	<b>(0.05)</b>	<b>(0.19)</b>	<b>(0.35)</b>
<b>Weighted average number of shares outstanding</b>	<b>25,004,167</b>	<b>25,004,167</b>	<b>25,004,167</b>	<b>24,560,358</b>

The accompanying notes are an integral part of these financial statements.

**Torrent Capital Ltd.****Unaudited Condensed Interim Statements of Changes in Shareholders' Equity****For the quarters ended September 30, 2023 and 2022***(Expressed in Canadian dollars unless otherwise indicated)*

	<b>Common Shares #</b>	<b>Share Capital \$</b>	<b>Contributed Surplus \$</b>	<b>Retained Earnings \$</b>	<b>Total \$</b>
<b>Balance – January 1, 2022</b>	<b>24,231,667</b>	<b>9,952,356</b>	<b>431,560</b>	<b>16,978,281</b>	<b>27,362,197</b>
Net loss and comprehensive loss for the period	-	-	-	(8,496,977)	(8,496,977)
Shares issued on vesting of restricted share units (note 6)	197,500	167,875	-	-	167,875
Shares issued on the exercise of stock options (note 6)	575,000	300,663	(128,163)	-	172,500
Stock-based compensation (note 6)	-	-	43,426	-	43,426
<b>Balance – September 30, 2022</b>	<b>25,004,167</b>	<b>10,420,894</b>	<b>346,823</b>	<b>8,481,304</b>	<b>19,249,021</b>
Net loss and comprehensive loss for the period	-	-	-	2,086,828	2,086,828
Stock-based compensation (note 6)	-	-	32,869	-	32,869
<b>Balance – December 31, 2022</b>	<b>25,004,167</b>	<b>10,420,894</b>	<b>379,692</b>	<b>10,568,132</b>	<b>21,368,718</b>
Net loss and comprehensive loss for the period	-	-	-	(4,819,430)	(4,819,430)
Stock-based compensation (note 6)	-	-	97,175	-	97,175
<b>Balance – September 30, 2023</b>	<b>25,004,167</b>	<b>10,420,894</b>	<b>476,867</b>	<b>5,748,702</b>	<b>16,646,463</b>

*The accompanying notes are an integral part of these financial statements.*

# Torrent Capital Ltd.

## Unaudited Condensed Interim Statements of Cash Flow

For the quarters ended September 30, 2023 and 2022

(Expressed in Canadian dollars unless otherwise indicated)

	Nine months ended September 30, 2023 \$	Nine months ended September 30, 2022 \$
<b>CASH PROVIDED BY:</b>		
<b>OPERATING ACTIVITIES</b>		
Net loss for the period	(4,819,430)	(8,496,977)
Items not affecting cash:		
Realized (gain) loss on investments	483,829	(127,216)
Unrealized loss on investments	4,249,216	9,211,885
Provision for income recovery	(760,000)	(1,477,856)
Interest on loan to joint venture	(19,000)	-
Equity loss from joint venture	110,500	-
Stock-based compensation	97,175	211,301
	(657,710)	(678,863)
<b>Adjustments for:</b>		
Proceeds on sale of investments	2,951,340	3,385,081
Acquisition of investments	(2,191,282)	(2,877,442)
Investment in joint venture	(85,206)	(58,305)
Amounts receivables	(5,756)	21,168
Prepaid expenses	(10,171)	(12,956)
Accounts payable and accrued liabilities	20,182	(324,023)
Income taxes recovered	322,559	258,793
	343,956	(332,803)
<b>Financing Activities</b>		
Loan to joint venture	(150,000)	-
Proceeds on the exercise of options	-	172,500
	(150,000)	172,500
<b>CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>193,956</b>	<b>(160,303)</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD</b>	<b>263,923</b>	<b>459,132</b>
<b>CASH AND CASH EQUIVALENTS, END OF PERIOD</b>	<b>457,879</b>	<b>298,829</b>

The accompanying notes are an integral part of these financial statements.

# **Torrent Capital Ltd.**

## **Notes to Unaudited Condensed Interim Financial Statements**

### **For the quarters ended September 30, 2023 and 2022**

*(expressed in Canadian dollars unless otherwise noted)*

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#### **1. NATURE OF OPERATIONS**

Torrent Capital Ltd. (“Torrent”, or the “Company”) is an investment issuer with its shares traded on the TSX Venture Exchange under the symbol “TORR”. The Company’s focus is on strategic investments in public and private company securities. The Company’s corporate office is located at Suite 2001 – 1969 Upper Water Street, Purdy’s Wharf II, Halifax, Nova Scotia, Canada, B3J 3R7.

As at September 30, 2023, the Company had cash and cash equivalents of \$457,879 (December 31, 2022 - \$263,293) and working capital of \$16,342,072 (December 31, 2022 - \$21,968,033). Management believes that it has sufficient resources to fund its ongoing working capital requirements for the ensuing twelve months as they normally fall due.

#### **2. SIGNIFICANT ACCOUNTING POLICIES**

##### **Statement of Compliance**

The Company prepares its unaudited condensed interim financial statements in accordance with Canadian generally accepted accounting principles as set out in the Handbook of Chartered Professional Accountants of Canada – Part 1 (“CPA Canada Handbook”), which incorporates International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”).

These unaudited condensed interim financial statements have been prepared in accordance with International Accounting Standard 34, *Interim Financial Reporting* (“IAS 34”), as issued by the IASB. Accordingly, certain information normally included in annual financial statements prepared in accordance with IFRS, as issued by the IASB, have been omitted or condensed. The unaudited condensed interim financial statements should be read in conjunction with the Company’s annual audited financial statements for the year-ended December 31, 2022.

The policies applied in these unaudited condensed interim financial statements are based on IFRS as of November 20, 2023, the date the Board of Directors approved the condensed interim financial statements. Any subsequent changes to IFRS that are given effect in the Company’s annual financial statements for the year-ended December 31, 2023 could result in the restatement of these unaudited condensed interim financial statements.

##### **Significant Accounting Policies**

These unaudited condensed interim financial statements have been prepared using the same policies and methods of computation as the annual financial statements of the Company for the year-ended December 31, 2022. Refer to note 2, *Significant Accounting Policies*, of the Company’s annual financial statements for information regarding the accounting policies as well as new accounting standards not yet effective. Also, refer to note 3, *Capital Management* and note 4, *Financial Risk Factors*, of the Company’s annual financial statements for the Company’s capital management objectives and its financial risk factors.

## Torrent Capital Ltd.

### Notes to Unaudited Condensed Interim Financial Statements

For the quarters ended September 30, 2023 and 2022

(expressed in Canadian dollars unless otherwise noted)

### 3. INVESTMENTS

	Shares #	Cost of Investment \$	Market Value September 30, 2023 \$	Unrealized Gain (Loss) Quarter ended September 30, 2023 \$	Unrealized Gain (Loss) Year to date September 30, 2023 \$	Market Value December 31, 2022 \$
WildBrain Ltd	2,076,900	3,291,681	3,073,812	(228,459)	(3,502,981)(a)	6,676,800
kneat.com, inc.	1,702,943	1,813,892	5,176,947	136,235	630,089	4,546,858
The Game Day	11,250	953,550	2,302,200	-	-	2,302,200
Electrovaya Inc.	346,000	1,947,934	1,297,500	(356,429)	(393,732)	2,050,800
Other Securities		5,386,289	2,894,166	(234,093)	(120,609)	4,317,660
Resource Investment Portfolio		2,381,830	1,355,327	(177,836)	(861,983)	1,698,738
		<b>15,775,176</b>	<b>16,099,952</b>	<b>(860,582)</b>	<b>(4,249,216)</b>	<b>21,593,056</b>

(a) Arising from the reversal of unrealized gains (losses) in prior periods.

### IFRS 9, Financial Instruments (“IFRS 9”)

#### *Financial Instruments Recorded at Fair Market Value*

Financial instruments recorded at fair market value on the statements of financial position are classified using a fair market value hierarchy that reflects the significance of the inputs used in making the measurements. The fair market value hierarchy has the following levels:

- Level 1 - valuation based on unadjusted quoted prices in active markets for identical assets;
- Level 2 - valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- Level 3 - valuation techniques using inputs for the asset or liability that are not based on observable market data (i.e., unobservable inputs).

## Torrent Capital Ltd.

### Notes to Unaudited Condensed Interim Financial Statements

For the quarters ended September 30, 2023 and 2022

(expressed in Canadian dollars unless otherwise noted)

### 3. INVESTMENTS (Continued)

Investments consisted of the following at September 30, 2023:

<b>Investments</b>	<b>Cost</b> \$	<b>Level 1 Quoted Market Price</b> \$	<b>Level 2 Observable Market Inputs</b> \$	<b>Level 3 Non-Observable Market Inputs</b> \$	<b>Fair Market Value</b> \$
Equities	15,775,176	12,015,942	-	4,084,010	16,099,952
Warrants	-	-	-	-	-
<b>Total investments</b>	<b>15,775,176</b>	<b>12,015,942</b>	<b>-</b>	<b>4,084,010</b>	<b>16,099,952</b>

Investments consisted of the following at December 31, 2022:

<b>Investments</b>	<b>Cost</b> \$	<b>Level 1 Quoted Market Price</b> \$	<b>Level 2 Observable Market Inputs</b> \$	<b>Level 3 Non-Observable Market Inputs</b> \$	<b>Fair Market Value</b> \$
Equities	16,865,117	17,253,797	-	4,264,259	21,518,056
Warrants	-	-	75,000	-	75,000
<b>Total investments</b>	<b>16,865,117</b>	<b>17,253,797</b>	<b>75,000</b>	<b>4,264,259</b>	<b>21,593,056</b>

During the period ended September 30, 2023 and the year ended December 31, 2022, the reconciliation of investments measured at fair market value using unobservable inputs (Level 3) is presented as follows:

	\$
<b>Balance – December 31, 2021</b>	<b>4,303,513</b>
Purchases	500,500
Proceeds on sale	(808,805)
Realized gains	238,806
Change in unrealized gain	30,245
<b>Balance – December 31, 2022</b>	<b>4,264,259</b>
Change in unrealized loss	(180,249)
<b>Balance - September 30, 2023</b>	<b>4,084,010</b>

The table below presents the valuation techniques and the nature of significant inputs used to determine the fair values of the Level 3 investments as at September 30, 2023:

<b>Investment</b>	<b>Method</b>	<b>Inputs</b>	<b>Fair value change + / - 10%</b>
Equity instruments	Private placement financing technique	Price per share of last capital raise	\$408,401

## Torrent Capital Ltd.

### Notes to Unaudited Condensed Interim Financial Statements

#### For the quarters ended September 30, 2023 and 2022

(expressed in Canadian dollars unless otherwise noted)

#### 4. INVESTMENT IN JOINT VENTURE

In September 2022, the Company and the Port of Argentinia Inc. (the “Port”) established a 50/50 joint venture company, Argentinia Capital Inc. (“ACI”). ACI will be focused on the construction of Port infrastructure, the provision of services and equity ownership in businesses that support aquaculture, renewable energy, and oil and gas sectors, as well as other Port developments. The Company’s ownership interest in ACI is accounted for using the equity method.

On October 31, 2022, the Company and ACI entered into a loan agreement. The agreement allows for Torrent to provide up to \$350,000 in aggregate principal as unsecured loans. The loans have an annual interest rate of 12% and are repayable in full, including all interest, on demand. As of September 30, 2023, the Company has provided \$300,000 of the amount to ACI and has recognized a loan receivable of \$322,000, including accrued interest, relating to the loans.

##### *Loan receivable continuity*

	September 30, 2023 \$	December 31, 2022 \$
Balance – beginning of period	153,000	-
Advances to ACI	150,000	150,000
Accrued interest	19,000	3,000
Balance – end of period	322,000	153,000
Interest in joint venture ( <i>see below</i> )	(17,609)	-
Balance, net – end of period	304,391	153,000

For the period ended September 30, 2023, Torrent recognized an equity loss from joint venture of \$110,500 (year ended December 31, 2022 - \$64,600). Equity losses in excess of Torrent’s incremental investment have been applied to other components of the Company’s net interest in the ACI joint venture.

The following table presents the change in carrying values of the Company’s investment in joint venture during the period:

	Amount \$
<b>Balance – December 31, 2021</b>	-
Additions	72,345
Equity pick-up	(64,660)
<b>Balance – December 31, 2022</b>	7,685
Additions	85,206
Equity pick-up	(110,500)
<b>Balance – September 30, 2023</b>	(17,609)

## Torrent Capital Ltd.

### Notes to Unaudited Condensed Interim Financial Statements

#### For the quarters ended September 30, 2023 and 2022

(expressed in Canadian dollars unless otherwise noted)

## 5. SHARE CAPITAL

### (a) AUTHORIZED

Authorized share capital of the Company consists of an unlimited number of common shares without par value.

### (b) SHARES ISSUED

	Number of Shares	Amount \$
<b>Balance – December 31, 2021</b>	24,231,667	9,952,356
Restricted share units issued	197,500	167,875
Shares issued on the exercise of options	575,000	300,663
<b>Balance – December 31, 2022 and September 30, 2023</b>	<b>25,004,167</b>	<b>10,420,894</b>

On May 13, 2022, the Company issued 197,500 restricted share units with immediate vesting and a one-year hold period. The estimated fair value of these restricted share units (“RSU”) was \$167,875 which was recorded as stock-based compensation for the year ended December 31, 2022.

On October 27, 2022, the Company issued 25,000 restricted share units which vest over a one-year period. The estimated fair value of these restricted share units was \$17,500. The fair value of units granted is amortized over the vesting period of the respective units with \$13,125 recorded as stock-based compensation for the period end September 30, 2023 (year ended December 31, 2022 - \$ 2,916).

On June 15, 2022, the Company issued 575,000 shares on the exercise of expiring options, by Directors and Officers, for a fair value of \$300,663, including cash proceeds of \$172,500.

## 6. STOCK OPTIONS AND RESTRICTED SHARE UNITS

The Company has a stock option plan (the "Plan") for directors, officers, employees and consultants of the Company. The Company also has a RSU plan under which the Company can issue up to 800,000 shares. The Plan shall not exceed 10% of the issued and outstanding common shares of the Company. Options can have up to a ten-year life and the vesting period is set by the Board of Directors. Options are granted at a price not lower than the market price of the common shares. The performance criteria and performance period of the restricted shares units are determined by the Board of Directors.

The estimated fair value of options recognized has been estimated at the grant date using the Black-Scholes option pricing model. Option pricing models require the input of highly subjective assumptions, including the expected volatility. Changes in the assumptions can materially affect the fair value estimate and, therefore, the existing models do not necessarily provide a reliable estimate of the fair value of the Company’s stock options.

On May 13, 2022, the Company granted 125,000 stock options to Directors and a consultant. The options are exercisable at a price of \$0.95 per share and expire on May 13, 2027. These options vested, at the rate of 50% on each of the six- and twelve-month anniversary of the grant date.

On October 27, 2022, the Company granted 250,000 stock options to a Director and consultants of the Company. The options are exercisable at a price of \$0.85 per share and expire on October 27, 2027. These options vest at the rate of 50% on each of the six- and twelve-month anniversary of the grant date. The Company also granted 25,000 restricted share units to a Director under the Company’s RSU plan. These units will vest in one year from the date of grant.

## Torrent Capital Ltd.

### Notes to Unaudited Condensed Interim Financial Statements

#### For the quarters ended September 30, 2023 and 2022

(expressed in Canadian dollars unless otherwise noted)

#### 6. STOCK OPTIONS AND RESTRICTED SHARE UNITS (Continued)

There were no options issued during the period ended September 30, 2023.

The following are the weighted-average assumptions used in the pricing model for the options issued or expensed during the years ended December 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Risk free interest rate	3.2%	0.4%
Expected volatility	74%	61%
Expected dividend yield	-	-
Expected life	5 years	5 years
Weighted average fair value per option	\$0.444	\$0.565

Based on the Black-Scholes option pricing model and the assumptions outlined above, the estimated fair value of the options granted during the year ended December 31, 2022 is \$166,660. The fair value of options granted is amortized over the vesting period of the respective options with \$73,379 expensed during the year ended December 31, 2022 and \$84,050 has been expensed in the current period ended September 30, 2023. The following table reflects the stock options continuity for the year ended December 31, 2022 and the current period:

	<b>Number of Stock Options Outstanding</b>	<b>Weighted Average Exercise Price \$</b>
<b>Balance – December 31, 2021</b>	1,360,000	0.38
Option issued	375,000	0.88
Option exercised	(575,000)	0.30
Expired / forfeited	(185,000)	0.70
<b>Balance – December 31, 2022 and June 30, 2023</b>	<b>975,000</b>	<b>0.60</b>

During the year ended December 31, 2022, the Company cancelled certain outstanding stock options. As a result of these cancellations the value of unvested options previously expensed was reversed.

The following table reflects the stock options outstanding as at September 30, 2023:

<b>Expiry Date</b>	<b>Exercise Price \$</b>	<b>Weighted Average Life Remaining</b>	<b>Options Outstanding</b>	<b>Options Vested</b>	<b>Black- Scholes Value \$</b>
December 3, 2023	0.42	0.4 years	175,000	175,000	51,092
May 19, 2025	0.40	1.9 years	400,000	400,000	94,456
September 30, 2025	0.80	2.3 years	25,000	25,000	10,267
May 13, 2027	0.95	3.9 years	125,000	125,000	62,769
October 27, 2027	0.85	4.3 years	250,000	125,000	103,891
			<u>975,000</u>	<u>850,000</u>	

The weighted average exercise price of vested options as at September 30, 2023 is \$0.56.

## Torrent Capital Ltd.

### Notes to Unaudited Condensed Interim Financial Statements

#### For the quarters ended September 30, 2023 and 2022

(expressed in Canadian dollars unless otherwise noted)

#### 7. RELATED PARTY TRANSACTIONS AND BALANCES

Remuneration of Directors and key management personnel of the Company was as follows:

	Nine months ended September 30, 2023 \$	Nine months ended September 30, 2022 \$
CEO remuneration – W. Dawe	117,000	117,000
Chief Investment Officer – S. Gardner	103,500	103,500
Consulting fees – C. Sheppard	-	60,500
CFO remuneration – R. Randall	55,275	55,688
Director remuneration	88,875	91,125
Service fees and rent	112,800	99,550
	<b>477,450</b>	<b>527,363</b>

During the period ended September 30, 2023, the Company incurred costs for consulting service fees from a related party, Numus Financial Inc. (“Numus”), a company controlled by two Directors, in the amount of \$45,500 (2022 – \$47,250), Financial Controller services of \$27,000 (2022 - \$27,000), digital media services of \$25,000 (2022 - \$nil) and rent and office services from Numus in the amount of \$15,300 (2022 – \$15,300).

If the Services Agreement is cancelled without cause by the Company, a break fee of eighteen months of remuneration, being \$94,500, will be payable to Numus, in addition to the service fees applicable for the 90-day notice period. If the Financial Controller services are cancelled without cause by the Company, a break fee of six months of remuneration, being \$18,000, will be payable to Numus, in addition to the service fees applicable for the 90 day notice period. If the rental option is cancelled by the Company without six months’ notice to Numus, a break fee of six months of remuneration, being \$10,200, will be payable to Numus.

Effective August 2022, the Company also has an agreement with Numus for the provision of digital media services in the amount of \$5,000 per month which continued through May 2023.

In the second quarter of 2022, the Board approved the issuance of 190,000 RSU’s (2021 – 185,000) to directors and officers with an estimated fair value of \$161,500 (2021 - \$207,200). In the fourth quarter of 2022, the Board approved the issuance of an additional 25,000 RSU’s to a Director, with a one year vesting period. The additional RSU’s have an estimated fair value of \$17,500.

As at September 30, 2023, related parties were owed \$97,059 (December 31, 2022 - \$143,471). These amounts are included in accounts payable and accrued liabilities.

In the year ended December 31, 2022, the Company issued 250,000 stock options to Directors. 100,000 of the options issues have an exercise price of \$0.95 and 150,000 have an exercise price of \$0.85. The estimated fair value of these stock options was \$112,550 of which stock-based compensation of \$60,346 was recognized during the year ended December 31, 2022. During the period ended September 30, 2023, stock-based compensation of \$52,523 was recognized relating to the 2022 options.

The above noted transactions are in the normal course of business, as agreed to by the parties and approved by the Board of Directors in strict adherence to conflict of interest regulations.

## Torrent Capital Ltd.

### Notes to Unaudited Condensed Interim Financial Statements

For the quarters ended September 30, 2023 and 2022

(expressed in Canadian dollars unless otherwise noted)

#### 8. INCOME TAXES

The reconciliation of the combined Canadian federal and provincial statutory income tax rate of 29% to the effective tax rate is as follows:

	Nine months ended September 30, 2023	Year ended December 31, 2022 \$
Income before income taxes	(5,579,430)	(7,570,149)
Expected income tax expense	(1,618,030)	(2,195,340)
Permanent difference regarding accounting gain on investments	686,300	917,410
Stock based compensation and other non-deductible items	24,370	22,640
Equity loss from joint venture	50,800	-
Change in tax benefits not recognized	96,560	95,290
Income tax (recovery) expense	(760,000)	(1,160,000)
Current income (recovery) tax	-	(300,000)
Deferred income (recovery) tax	(760,000)	(860,000)
Income tax (recovery) expense	(760,000)	(1,160,000)

#### Deferred Tax

The following table summarizes the components of deferred tax:

	September 30, 2023 \$	December 31, 2022 \$
<b>Deferred Tax Assets</b>		
Exploration and evaluation assets	51,070	55,210
Intangible assets	46,730	49,310
Losses carried forward	142,200	-
<b>Deferred Tax Liability</b>		
Unrealized gains on investments	(240,000)	(864,520)
Net deferred tax liability	-	(760,000)

As at September 30, 2023, the Company has unused non-capital losses of approximately \$850,000 available to reduce future taxable income for Canadian income tax purposes. The non-capital losses will expire in 2043. The Company has unrecognized deferred tax assets of \$100,000, in respect of loss carry forwards and deductible temporary differences.

Deferred tax assets and liabilities have been offset where they relate to income taxes levied by the same taxation authority and the Company has the right and intent to offset.